

**Basic Financial Statements**  
**Governmental-wide Financial Statements**

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## Statement of Net Assets

June 30, 2008

(expressed in thousands)

	Primary Government			
	Governmental	Business-Type		Component
	Activities	Activities	Total	Units
ASSETS				
Cash and pooled investments	\$ 7,849,675	\$ 7,377,465	\$ 15,227,140	\$ 58,554
Taxes receivable (net of allowance)	2,988,925	5,072	2,993,997	-
Other receivables (net of allowance)	1,172,710	1,275,103	2,447,813	1,401
Internal balances (net)	45,620	(45,620)	-	-
Due from other governments	3,266,263	63,601	3,329,864	-
Inventories	97,091	73,510	170,601	-
Investments, noncurrent	4,035,851	12,547,911	16,583,762	22,041
Other assets	163,218	368,232	531,450	42,754
Capital assets (Note 6):				
Non-depreciable assets	19,556,275	309,902	19,866,177	34,767
Depreciable assets, net of depreciation	8,136,149	1,685,445	9,821,594	368,940
Total capital assets, net of depreciation	27,692,424	1,995,347	29,687,771	403,707
Total Assets	\$ 47,311,777	\$ 23,660,621	\$ 70,972,398	\$ 528,457
LIABILITIES				
Accounts payable	\$ 1,393,881	\$ 125,539	\$ 1,519,420	\$ 13,221
Contracts and retainage payable	156,124	20,087	176,211	2,908
Accrued liabilities	669,816	255,998	925,814	3,826
Obligations under security lending agreements	1,274,148	2,487,403	3,761,551	-
Due to other governments	777,673	28,928	806,601	-
Unearned revenue	929,866	55,199	985,065	2,487
Long-term liabilities (Note 7):				
Due within one year	1,037,879	2,152,083	3,189,962	-
Due in more than one year	14,975,785	22,819,321	37,795,106	34,934
Total Liabilities	21,215,172	27,944,558	49,159,730	57,376
NET ASSETS				
Invested in capital assets, net of related debt	17,028,412	520,998	17,549,410	365,180
Restricted for:				
Unemployment compensation	-	4,406,380	4,406,380	-
Other purposes	1,894,460	-	1,894,460	24,092
Capital projects	442,994	-	442,994	-
Expendable permanent fund principal	1,871,521	-	1,871,521	-
Nonexpendable permanent endowments	1,315,113	-	1,315,113	-
Unrestricted (deficit)	3,544,105	(9,211,315)	(5,667,210)	81,809
Total Net Assets	\$ 26,096,605	\$ (4,283,937)	\$ 21,812,668	\$ 471,081

The notes to the financial statements are an integral part of this statement.

**Statement of Activities**  
For the Fiscal Year Ended June 30, 2008  
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 1,609,142	\$ 651,364	\$ 288,126	\$ 2,375
Education - elementary and secondary (K-12)	7,476,060	12,798	853,442	-
Education - higher education	5,709,645	1,718,092	1,636,376	12,568
Human services	11,259,878	250,623	5,735,256	-
Adult corrections	1,019,980	9,459	2,275	-
Natural resources and recreation	931,030	375,669	146,935	23,286
Transportation	1,894,289	894,379	62,981	708,041
Interest on long-term debt	642,914	-	-	-
Total Governmental Activities	30,542,938	3,912,384	8,725,391	746,270
Business-Type Activities:				
Workers' compensation	4,068,599	1,596,174	7,823	-
Unemployment compensation	790,538	1,093,586	30,070	-
Higher education student services	1,470,168	1,443,756	3,909	-
Other	1,203,546	1,230,461	16	-
Total Business-Type Activities	7,532,851	5,363,977	41,818	-
Total Primary Government	\$ 38,075,789	\$ 9,276,361	\$ 8,767,209	\$ 746,270
COMPONENT UNITS				
	\$ 29,633	\$ 16,055	\$ 240	\$ 829
Total Component Units	\$ 29,633	\$ 16,055	\$ 240	\$ 829

General Revenues:

Taxes - sales and use  
Taxes - business and occupation  
Taxes - property  
Taxes - motor vehicle and fuel  
Taxes - excise  
Taxes - other

Interest and investment earnings

Total general revenues

Excess (deficiency) of revenues over expenses before contributions  
to endowments, extraordinary loss, and transfers

Contributions to endowments

Transfers

Change in Net Assets

Net assets - Beginning, as restated

Net assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (667,277)	\$ -	\$ (667,277)	
(6,609,820)	-	(6,609,820)	
(2,342,609)	-	(2,342,609)	
(5,273,999)	-	(5,273,999)	
(1,008,246)	-	(1,008,246)	
(385,140)	-	(385,140)	
(228,888)	-	(228,888)	
(642,914)	-	(642,914)	
<u>(17,158,893)</u>	<u>-</u>	<u>(17,158,893)</u>	
-	(2,464,602)	(2,464,602)	
-	333,118	333,118	
-	(22,503)	(22,503)	
-	26,931	26,931	
-	<u>(2,127,056)</u>	<u>(2,127,056)</u>	
<u>(17,158,893)</u>	<u>(2,127,056)</u>	<u>(19,285,949)</u>	
			<u>\$ (12,509)</u>
			<u>\$ (12,509)</u>
8,341,000	-	8,341,000	-
2,850,548	-	2,850,548	-
1,741,739	-	1,741,739	-
1,169,900	-	1,169,900	-
780,953	61,507	842,460	-
2,009,002	53,278	2,062,280	-
463,899	766,644	1,230,543	6,519
<u>17,357,041</u>	<u>881,429</u>	<u>18,238,470</u>	<u>6,519</u>
198,148	(1,245,627)	(1,047,479)	(5,990)
94,900	-	94,900	-
271,600	(271,600)	-	-
564,648	(1,517,227)	(952,579)	(5,990)
25,531,957	(2,766,710)	22,765,247	477,071
<u>\$ 26,096,605</u>	<u>\$ (4,283,937)</u>	<u>\$ 21,812,668</u>	<u>\$ 471,081</u>

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**Basic Financial Statements**  
**Fund Financial Statements**

**Balance Sheet**  
**GOVERNMENTAL FUNDS**  
June 30, 2008  
*(expressed in thousands)*

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,185,063	\$ 866,218	\$ 689,597	\$ 4,442,032	\$ 7,182,910
Investments	36,772	806,581	2,903,090	241,263	3,987,706
Taxes receivable (net of allowance)	2,875,042	15,955	-	97,928	2,988,925
Other receivables (net of allowance)	355,105	295,832	41,988	618,372	1,311,297
Due from other funds	132,884	198,713	122	392,107	723,826
Due from other governments	899,570	130,566	-	2,119,069	3,149,205
Inventories	25,649	12,670	-	38,807	77,126
<b>Total Assets</b>	<b>\$ 5,510,085</b>	<b>\$ 2,326,535</b>	<b>\$ 3,634,797</b>	<b>\$ 7,949,578</b>	<b>\$ 19,420,995</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 878,994	\$ 120,379	\$ -	\$ 335,096	\$ 1,334,469
Contracts and retainages payable	29,655	2,824	3,089	102,947	138,515
Accrued liabilities	236,562	129,093	14,202	120,367	500,224
Obligations under security lending agreements	271,091	190,763	584,704	197,926	1,244,484
Due to other funds	274,994	127,300	2,078	334,624	738,996
Due to other governments	550,314	15,632	-	103,924	669,870
Deferred revenues	1,328,819	188,843	19,690	694,194	2,231,546
Claims and judgments payable	20,868	-	-	10,396	31,264
<b>Total Liabilities</b>	<b>3,591,297</b>	<b>774,834</b>	<b>623,763</b>	<b>1,899,474</b>	<b>6,889,368</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	112,071	184,819	-	911,064	1,207,954
Inventories	19,044	12,670	-	38,807	70,521
Permanent funds	-	-	3,011,034	175,600	3,186,634
Other specific purposes	69,679	192,412	-	2,023,438	2,285,529
Unreserved, designated for, reported in:					
Working capital	1,040,563	-	-	-	1,040,563
Higher education	-	155,679	-	-	155,679
Special revenue funds	-	-	-	220	220
Debt service funds	-	-	-	362,122	362,122
Unreserved, undesignated	677,431	1,006,121	-	-	1,683,552
Unreserved, undesignated reported in:					
Special revenue funds	-	-	-	2,432,112	2,432,112
Capital project funds	-	-	-	106,741	106,741
<b>Total Fund Balances</b>	<b>1,918,788</b>	<b>1,551,701</b>	<b>3,011,034</b>	<b>6,050,104</b>	<b>12,531,627</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,510,085</b>	<b>\$ 2,326,535</b>	<b>\$ 3,634,797</b>	<b>\$ 7,949,578</b>	<b>\$ 19,420,995</b>

The notes to the financial statements are an integral part of this statement.



# **Reconciliation of the Balance Sheet to the Statement of Net Assets GOVERNMENTAL FUNDS**

June 30, 2008  
(expressed in thousands)

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 12,531,627</b>
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Non-depreciable assets	\$ 19,532,045	
Depreciable assets	13,265,636	
Less: Accumulated depreciation	<u>(5,561,720)</u>	
Total capital assets		27,235,961

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	1,305,821
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Unmatured interest on general obligation bonds is not recognized in the funds until due.	(280,610)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	163,558
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds and other financing contracts payable	\$ (13,673,474)	
Accreted interest on bonds	(295,056)	
Compensated absences	(497,558)	
Other postemployment obligations	(221,375)	
Unfunded pension obligation	(113,416)	
Claims and judgments	(28,278)	
Other obligations	<u>(30,595)</u>	
Total long-term liabilities		<u>(14,859,752)</u>

<b>Net Assets of Governmental Activities</b>	<b><u>\$ 26,096,605</u></b>
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The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2008  
*(expressed in thousands)*

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Retail sales and use taxes	\$ 8,256,288	\$ -	\$ -	\$ 84,712	\$ 8,341,000
Business and occupation taxes	2,760,425	-	-	90,123	2,850,548
Property taxes	1,494,542	-	-	247,197	1,741,739
Excise taxes	707,272	-	-	73,681	780,953
Motor vehicle and fuel taxes	-	-	-	1,169,900	1,169,900
Other taxes	1,088,561	194,638	-	724,630	2,007,829
Licenses, permits, and fees	97,493	628	-	812,543	910,664
Timber sales	2,847	-	18,995	106,380	128,222
Other contracts and grants	162,238	613,894	-	25,510	801,642
Federal grants-in-aid	6,556,642	1,089,377	-	1,120,954	8,766,973
Charges for services	56,614	1,475,957	1	538,541	2,071,113
Investment income (loss)	123,303	108,416	58,857	173,323	463,899
Miscellaneous revenue	84,881	124,681	8,198	498,133	715,893
Escheated property	57,444	-	-	-	57,444
Contributions and donations	-	-	94,900	-	94,900
<b>Total Revenues</b>	<b>21,448,550</b>	<b>3,607,591</b>	<b>180,951</b>	<b>5,665,627</b>	<b>30,902,719</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	662,824	-	-	590,857	1,253,681
Human services	10,921,497	-	-	1,193,810	12,115,307
Natural resources and recreation	336,242	-	-	561,162	897,404
Transportation	41,818	1,906	-	1,758,860	1,802,584
Education	8,234,996	3,571,524	413	1,053,428	12,860,361
<b>Intergovernmental</b>	<b>30,697</b>	<b>-</b>	<b>-</b>	<b>348,524</b>	<b>379,221</b>
<b>Capital outlays</b>	<b>56,872</b>	<b>146,291</b>	<b>4,370</b>	<b>2,056,501</b>	<b>2,264,034</b>
<b>Debt service:</b>					
Principal	15,014	10,070	-	561,264	586,348
Interest	330	7,812	2	580,510	588,654
<b>Total Expenditures</b>	<b>20,300,290</b>	<b>3,737,603</b>	<b>4,785</b>	<b>8,704,916</b>	<b>32,747,594</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,148,260</b>	<b>(130,012)</b>	<b>176,166</b>	<b>(3,039,289)</b>	<b>(1,844,875)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	-	-	-	1,891,150	1,891,150
Payments to refunded bond escrow agents	-	-	-	(58,125)	(58,125)
Other debt issued	12,084	6,154	-	867	19,105
Bond issue premium	-	-	-	123,487	123,487
Capital lease acquisitions	26	69	-	-	95
Transfers in	72,007	291,663	14,357	2,249,697	2,627,724
Transfers (out)	(1,216,749)	(127,062)	(97,145)	(940,546)	(2,381,502)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,132,632)</b>	<b>170,824</b>	<b>(82,788)</b>	<b>3,266,530</b>	<b>2,221,934</b>
<b>Net Change in Fund Balances</b>	<b>15,628</b>	<b>40,812</b>	<b>93,378</b>	<b>227,241</b>	<b>377,059</b>
<b>Fund Balances - Beginning, as restated</b>	<b>1,903,160</b>	<b>1,510,889</b>	<b>2,917,656</b>	<b>5,822,863</b>	<b>12,154,568</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,918,788</b>	<b>\$ 1,551,701</b>	<b>\$ 3,011,034</b>	<b>\$ 6,050,104</b>	<b>\$ 12,531,627</b>

The notes to the financial statements are an integral part of this statement.

# **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities**

## **GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2008  
(expressed in thousands)

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 377,059</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 2,309,232	
Less: Depreciation expense	<u>(462,485)</u>	1,846,747

Some revenues in the Statement of Activities do not provide current financial resources, and therefore, are deferred in governmental funds. Also, revenues related to prior periods that became available during the current period are reported in governmental funds but are eliminated in the Statement of Activities. This amount is the net adjustment.	(61,435)
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Accrued interest on general obligation bonds is reported as an expense in the Statement of Activities but does not use current financial resources and, therefore, is not recognized in governmental funds.	(54,369)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.	(8,403)
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Bond proceeds and other financing contracts provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net assets. In the current period, these amounts consist of:		
Bonds and other financing contracts issued	\$ (1,852,225)	
Principal payments on bonds and other financing contracts	586,348	
Accreted interest on bonds	<u>(30,245)</u>	(1,296,122)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized in governmental funds. Also, some payments related to prior periods are recognized in governmental funds but are eliminated in the Statement of Activities. In the current period, the net adjustments consist of:		
Unfunded pension obligations	\$ (16,701)	
Compensated absences	(14,455)	
Claims and judgments	3,963	
Other postemployment obligations	(221,375)	
Other obligations	<u>9,739</u>	(238,829)

<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 564,648</b>
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The notes to the financial statements are an integral part of this statement.

**Statement of Fund Net Assets**  
**PROPRIETARY FUNDS**  
June 30, 2008  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and pooled investments	\$ 29,716	\$ 4,019,881	\$ 484,087	\$ 294,216	\$ 4,827,900	\$ 620,253
Investments	2,152,094	-	2,996	394,475	2,549,565	30,075
Taxes receivable (net of allowance)	-	-	-	5,072	5,072	-
Other receivables (net of allowance)	714,033	385,380	135,751	39,939	1,275,103	18,411
Due from other funds	2,279	2,369	38,564	21,011	64,223	183,253
Due from other governments	899	14,777	33,470	3,650	52,796	7,283
Inventories	141	-	39,529	33,840	73,510	19,966
Prepaid expenses	7	-	14,205	350	14,562	4,449
<b>Total Current Assets</b>	<b>2,899,169</b>	<b>4,422,407</b>	<b>748,602</b>	<b>792,553</b>	<b>8,862,731</b>	<b>883,690</b>
<b>Noncurrent Assets:</b>						
Investments, noncurrent	11,019,221	-	176,584	1,352,106	12,547,911	64,582
Other noncurrent assets	131,542	-	53,224	168,904	353,670	129
<b>Capital assets:</b>						
Land and other non-depreciable assets	3,240	-	53,663	79,072	135,975	3,836
Buildings	62,705	-	1,626,261	407,397	2,096,363	123,257
Other improvements	1,638	-	41,453	15,516	58,607	17,923
Furnishings, equipment, and collections	63,057	-	338,787	63,413	465,257	746,364
Infrastructure	-	-	34,909	-	34,909	478
Accumulated depreciation	(67,435)	-	(758,064)	(144,192)	(969,691)	(455,791)
Construction in progress	4,188	-	132,774	36,965	173,927	20,395
<b>Total Noncurrent Assets</b>	<b>11,218,156</b>	<b>-</b>	<b>1,699,591</b>	<b>1,979,181</b>	<b>14,896,928</b>	<b>521,173</b>
<b>Total Assets</b>	<b>14,117,325</b>	<b>4,422,407</b>	<b>2,448,193</b>	<b>2,771,734</b>	<b>23,759,659</b>	<b>1,404,863</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable	6,809	-	80,809	37,921	125,539	59,410
Contracts and retainages payable	2,611	-	11,250	53,126	66,987	17,548
Accrued liabilities	157,093	6,072	76,932	131,541	371,638	32,653
Obligations under security lending agreements	2,152,094	-	-	335,309	2,487,403	29,662
Bonds and notes payable	3,625	-	37,405	54,838	95,868	22,094
Due to other funds	7,897	1,006	63,744	32,781	105,428	121,251
Due to other governments	-	8,949	9	13,583	22,541	21
Unearned revenues	20,338	-	34,765	96	55,199	4,141
Claims and judgments payable	1,890,542	-	-	3,130	1,893,672	164,851
<b>Total Current Liabilities</b>	<b>4,241,009</b>	<b>16,027</b>	<b>304,914</b>	<b>662,325</b>	<b>5,224,275</b>	<b>451,631</b>
<b>Noncurrent Liabilities:</b>						
Claims and judgments payable	19,996,606	-	-	4,572	20,001,178	602,359
Bonds and notes payable	25,930	-	1,131,383	254,403	1,411,716	157,097
Other long-term liabilities	19,177	-	28,377	1,358,873	1,406,427	30,218
<b>Total Noncurrent Liabilities</b>	<b>20,041,713</b>	<b>-</b>	<b>1,159,760</b>	<b>1,617,848</b>	<b>22,819,321</b>	<b>789,674</b>
<b>Total Liabilities</b>	<b>24,282,722</b>	<b>16,027</b>	<b>1,464,674</b>	<b>2,280,173</b>	<b>28,043,596</b>	<b>1,241,305</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	37,838	-	300,996	182,164	520,998	277,271
<b>Restricted for:</b>						
Unemployment compensation	-	4,406,380	-	-	4,406,380	-
Unrestricted	(10,203,235)	-	682,523	309,397	(9,211,315)	(113,713)
<b>Total Net Assets (Deficit)</b>	<b>\$ (10,165,397)</b>	<b>\$ 4,406,380</b>	<b>\$ 983,519</b>	<b>\$ 491,561</b>	<b>\$ (4,283,937)</b>	<b>\$ 163,558</b>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2008  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Sales	\$ -	\$ -	\$ 115,182	\$ 612,620	\$ 727,802	\$ 131,529
Less: Cost of goods sold	-	-	84,175	444,059	528,234	105,272
Gross profit	-	-	31,007	168,561	199,568	26,257
Charges for services	110	-	1,223,302	61,828	1,285,240	682,227
Premiums and assessments	1,563,953	1,081,019	-	-	2,644,972	1,182,926
Federal aid for unemployment insurance benefits	-	30,070	-	-	30,070	-
Lottery ticket proceeds	-	-	-	521,103	521,103	-
Miscellaneous revenue	32,150	12,567	100,866	8,655	154,238	46,126
<b>Total Operating Revenues</b>	<b>1,596,213</b>	<b>1,123,656</b>	<b>1,355,175</b>	<b>760,147</b>	<b>4,835,191</b>	<b>1,937,536</b>
<b>OPERATING EXPENSES</b>						
Salaries and wages	133,773	-	546,354	93,458	773,585	293,087
Employee benefits	46,911	-	123,304	36,336	206,551	83,434
Personal services	7,533	-	12,655	26,925	47,113	22,231
Goods and services	72,567	-	548,769	129,462	750,798	342,156
Travel	4,183	-	20,069	3,056	27,308	5,381
Premiums and claims	3,727,966	790,538	1	34	4,518,539	1,175,717
Lottery prize payments	-	-	-	314,923	314,923	-
Depreciation and amortization	10,281	-	67,868	16,201	94,350	68,286
Guaranteed education tuition expense	-	-	-	62,800	62,800	-
Miscellaneous expenses	63,442	-	12,861	288	76,591	828
<b>Total Operating Expenses</b>	<b>4,066,656</b>	<b>790,538</b>	<b>1,331,881</b>	<b>683,483</b>	<b>6,872,558</b>	<b>1,991,120</b>
<b>Operating Income (Loss)</b>	<b>(2,470,443)</b>	<b>333,118</b>	<b>23,294</b>	<b>76,664</b>	<b>(2,037,367)</b>	<b>(53,584)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Earnings (loss) on investments	486,261	182,237	65,768	32,378	766,644	18,281
Interest expense	(1,942)	-	(54,114)	(37,328)	(93,384)	(8,948)
Distributions to other governments	-	-	-	(38,674)	(38,674)	-
Other revenue (expenses)	7,785	-	8,315	141,054	157,154	5,636
<b>Total Nonoperating Revenues (Expenses)</b>	<b>492,104</b>	<b>182,237</b>	<b>19,969</b>	<b>97,430</b>	<b>791,740</b>	<b>14,969</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(1,978,339)</b>	<b>515,355</b>	<b>43,263</b>	<b>174,094</b>	<b>(1,245,627)</b>	<b>(38,615)</b>
Capital contributions	-	-	-	-	-	4,834
Transfers in	21,453	-	69,544	23,241	114,238	107,894
Transfers (out)	(22,956)	-	(134,142)	(228,740)	(385,838)	(82,516)
<b>Net Contributions and Transfers</b>	<b>(1,503)</b>	<b>-</b>	<b>(64,598)</b>	<b>(205,499)</b>	<b>(271,600)</b>	<b>30,212</b>
<b>Change in Net Assets</b>	<b>(1,979,842)</b>	<b>515,355</b>	<b>(21,335)</b>	<b>(31,405)</b>	<b>(1,517,227)</b>	<b>(8,403)</b>
<b>Net Assets (Deficit) - Beginning, as restated</b>	<b>(8,185,555)</b>	<b>3,891,025</b>	<b>1,004,854</b>	<b>522,966</b>	<b>(2,766,710)</b>	<b>171,961</b>
<b>Net Assets (Deficit) - Ending</b>	<b>\$ (10,165,397)</b>	<b>\$ 4,406,380</b>	<b>\$ 983,519</b>	<b>\$ 491,561</b>	<b>\$ (4,283,937)</b>	<b>\$ 163,558</b>

The notes to the financial statements are an integral part of this statement.

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2008  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,399,135	\$ 1,110,451	\$ 1,362,333	\$ 1,348,899
Payments to suppliers	(1,768,524)	(791,763)	(677,284)	(1,060,613)
Payments to employees	(174,539)	-	(650,947)	(124,403)
Other receipts (payments)	32,150	40,200	100,866	8,655
Net Cash Provided (Used) by Operating Activities	(511,778)	358,888	134,968	172,538
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	21,453	-	69,544	23,241
Transfers out	(22,956)	-	(134,142)	(228,740)
Operating grants and donations received	7,876	-	4,121	11
Taxes and license fees collected	4	-	-	142,218
Distributions to other governments	-	-	-	(38,674)
Other noncapital financing sources	-	-	-	4,464
Net Cash Provided (Used) by Noncapital Financing Activities	6,377	-	(60,477)	(97,480)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest paid	(1,389)	-	(52,703)	(10,468)
Principal payments on long-term capital financing	(3,526)	-	(129,558)	(22,574)
Proceeds from long-term capital financing	-	-	223,054	23,220
Proceeds from sale of capital assets	35	-	14,752	1,516
Acquisitions of capital assets	(4,758)	-	(216,846)	(36,398)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,638)	-	(161,301)	(44,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of interest	923,614	182,237	19,849	113,589
Proceeds from sale of investment securities	6,873,370	-	104,600	574,760
Purchases of investment securities	(7,307,097)	-	(14,688)	(732,300)
Net Cash Provided (Used) by Investing Activities	489,887	182,237	109,761	(43,951)
Net Increase (Decrease) in Cash and Pooled Investments	(25,152)	541,125	22,951	(13,597)
Cash and Pooled Investments, July 1	54,868	3,478,756	461,136	307,813
Cash and Pooled Investments, June 30	\$ 29,716	\$ 4,019,881	\$ 484,087	\$ 294,216
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (2,470,443)	\$ 333,118	\$ 23,294	\$ 76,664
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>				
Depreciation	10,281	-	67,868	16,201
<b>Change in Assets: Decrease (Increase)</b>				
Receivables (net of allowance)	(108,875)	26,996	22,916	(21,170)
Inventories	27	-	(4,057)	11,944
Prepaid expenses	23	-	3,304	969
<b>Change in Liabilities: Increase (Decrease)</b>				
Payables	2,057,209	(1,226)	21,643	87,930
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ (511,778)	\$ 358,888	\$ 134,968	\$ 172,538

The notes to the financial statements are an integral part of this statement.

Continued

Governmental Activities	
Total	Internal Service Funds
\$ 5,220,818	\$ 1,930,873
(4,298,184)	(1,542,042)
(949,889)	(374,448)
181,871	46,110
154,616	60,493
114,238	107,894
(385,838)	(82,516)
12,008	5,685
142,222	-
(38,674)	-
4,464	(3)
(151,580)	31,060
(64,560)	(8,957)
(155,658)	(26,920)
246,274	38,134
16,303	5,320
(258,002)	(79,957)
(215,643)	(72,380)
1,239,289	14,855
7,552,730	230,726
(8,054,085)	(228,437)
737,934	17,144
525,327	36,317
4,302,573	583,936
\$ 4,827,900	\$ 620,253
\$ (2,037,367)	\$ (53,584)
94,350	68,286
(80,133)	(65,414)
7,914	(1,297)
4,296	(968)
2,165,556	113,470
\$ 154,616	\$ 60,493

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2008  
*(expressed in thousands)*

	Business-Type Activities			
	Enterprise Funds			
	Workers'	Unemployment	Higher	Nonmajor
	Compensation	Compensation	Education	Enterprise
			Student	Funds
			Services	
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -
Amortization of annuity prize liability	-	-	-	22,659
Increase (decrease) in fair value of investments	421,234	-	(1,795)	(79,982)
Refunding bonds issued	-	-	90,975	-
Refunded bonds redeemed	-	-	(91,540)	-
Amortization of debt premium (issue costs/discount)	-	-	361	-
Accretion of interest on zero coupon bonds	-	-	-	(3,825)
Increase in ownership of joint venture	-	-	48,242	-

The notes to the financial statements are an integral part of this statement.



Concluded

Governmental Activities	
<hr/>	
Total	Internal Service Funds
<hr/>	
\$ -	\$ 4,834
22,659	-
339,457	1,020
90,975	-
(91,540)	-
361	-
(3,825)	-
48,242	-
<hr/>	

**Statement of Fiduciary Net Assets**  
**FIDUCIARY FUNDS**  
June 30, 2008  
*(expressed in thousands)*

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 9,031	\$ 2,241,849	\$ 336,581	\$ 281,662
Investments	-	3,446,978	-	-
Receivables, pension and other employee benefit plans:				
Employers	-	-	112,936	-
Members (net of allowance)	-	-	3,056	-
Interest and dividends	-	-	189,361	-
Investment trades pending	-	-	372,817	-
Other receivables, all other funds	-	18,655	-	15,609
Due from other funds	-	-	46,251	2,583
Due from other governments	-	-	-	36,732
<b>Total Current Assets</b>	<b>9,031</b>	<b>5,707,482</b>	<b>1,061,002</b>	<b>336,586</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	28,622,027	-
Fixed income	-	-	13,626,393	-
Private equity	-	-	13,837,207	-
Real estate	-	-	8,688,560	-
Security lending	-	-	3,979,830	-
Liquidity	-	-	1,612,050	-
Tangible asset	-	-	447,753	-
Other	-	-	422,013	-
Investments, noncurrent, all other funds	23,082	1,024,781	-	54,916
Other noncurrent assets	-	-	-	63,830
Capital assets:				
Furnishings, equipment, and collections	81	-	-	-
Accumulated depreciation	(81)	-	-	-
<b>Total Noncurrent Assets</b>	<b>23,082</b>	<b>1,024,781</b>	<b>71,235,833</b>	<b>118,746</b>
<b>Total Assets</b>	<b>32,113</b>	<b>6,732,263</b>	<b>72,296,835</b>	<b>\$ 455,332</b>
<b>LIABILITIES</b>				
Accounts payable	121	-	-	\$ 21,487
Contracts and retainages payable	-	-	-	39,466
Accrued liabilities	149	291	961,454	115,001
Obligations under security lending agreements	-	113,595	3,971,818	16,932
Due to other funds	-	46	47,647	6,768
Due to other governments	-	-	-	191,848
Unearned revenues	-	-	812	-
Other long-term liabilities	-	-	-	63,830
<b>Total Liabilities</b>	<b>270</b>	<b>113,932</b>	<b>4,981,731</b>	<b>\$ 455,332</b>
<b>NET ASSETS</b>				
Net assets held in trust for:				
Pension benefits	-	-	64,880,910	
Deferred compensation participants	-	-	2,434,194	
Local government pool participants	-	6,618,331	-	
Individuals, organizations & other governments	31,843	-	-	
<b>Total Net Assets</b>	<b>\$ 31,843</b>	<b>\$ 6,618,331</b>	<b>\$ 67,315,104</b>	

The notes to the financial statements are an integral part of this statement.

## Statement of Changes in Fiduciary Net Assets

### FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2008  
(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
<b>ADDITIONS</b>			
Contributions:			
Employers	\$ -	\$ -	\$ 907,675
Members	-	-	907,231
State	-	-	60,546
Pool participants	-	14,895,563	188,735
Total Contributions	-	14,895,563	2,064,187
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	(2,958,775)
Interest and dividends	-	267,102	2,095,780
Less: Investment expenses	-	-	(246,356)
Net Investment Income	-	267,102	(1,109,351)
Other Additions:			
Escheated property	82,899	-	-
Transfers from other pension plans	-	-	330,005
Other contracts, grants and miscellaneous	43	1	835
Total Other Additions	82,942	1	330,840
<b>Total Additions</b>	82,942	15,162,666	1,285,676
<b>DEDUCTIONS</b>			
Pension benefits	-	-	2,502,419
Pension refunds	-	-	208,482
Transfers to other pension plans	-	-	330,005
Administrative expenses	3,057	3,897	3,797
Distributions to pool participants	-	14,349,674	135,876
Payments to or on behalf of individuals, organizations and other governments in accordance with trust agreements	101,373	-	-
<b>Total Deductions</b>	104,430	14,353,571	3,180,579
<b>Net Increase (Decrease)</b>	(21,488)	809,095	(1,894,903)
<b>Net Assets - Beginning, as restated</b>	53,331	5,809,236	69,210,007
<b>Net Assets - Ending</b>	\$ 31,843	\$ 6,618,331	\$ 67,315,104

The notes to the financial statements are an integral part of this statement.

**Statement of Fund Net Assets**  
**COMPONENT UNITS**  
June 30, 2008  
*(expressed in thousands)*

	Public Stadium	Nonmajor Component Units	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and pooled investments	\$ 6,543	\$ 10,881	\$ 17,424
Investments	5,964	35,166	41,130
Other receivables (net of allowance)	583	818	1,401
Prepaid expenses	25	211	236
<b>Total Current Assets</b>	<b>13,115</b>	<b>47,076</b>	<b>60,191</b>
<b>Noncurrent Assets:</b>			
Investments, noncurrent	19,633	2,408	22,041
Other noncurrent assets	-	42,518	42,518
Capital assets:			
Land	34,677	-	34,677
Buildings	459,132	-	459,132
Furnishings and equipment	23,611	1,226	24,837
Accumulated depreciation	(113,999)	(1,030)	(115,029)
Construction in progress	90	-	90
<b>Total Noncurrent Assets</b>	<b>423,144</b>	<b>45,122</b>	<b>468,266</b>
<b>Total Assets</b>	<b>\$ 436,259</b>	<b>\$ 92,198</b>	<b>\$ 528,457</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 283	\$ 12,938	\$ 13,221
Contracts and retainages payable	2,908	-	2,908
Accrued liabilities	3,761	65	3,826
Unearned revenues	82	2,405	2,487
<b>Total Current Liabilities</b>	<b>7,034</b>	<b>15,408</b>	<b>22,442</b>
<b>Noncurrent Liabilities:</b>			
Other long-term liabilities	34,934	-	34,934
<b>Total Noncurrent Liabilities</b>	<b>34,934</b>	<b>-</b>	<b>34,934</b>
<b>Total Liabilities</b>	<b>41,968</b>	<b>15,408</b>	<b>57,376</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	364,984	196	365,180
Restricted for deferred sales tax	23,592	-	23,592
Restricted for other purposes	-	500	500
Unrestricted	5,715	76,094	81,809
<b>Total Net Assets (Deficit)</b>	<b>\$ 394,291</b>	<b>\$ 76,790</b>	<b>\$ 471,081</b>

The notes to the financial statements are an integral part of this statement.

# Statement of Revenues, Expenses, and Changes in Fund Net Assets

## COMPONENT UNITS

For the Fiscal Year Ended June 30, 2008  
(expressed in thousands)

	Public Stadium	Nonmajor Component Units	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 952	\$ 15,103	\$ 16,055
<b>Total Operating Revenues</b>	<b>952</b>	<b>15,103</b>	<b>16,055</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	379	4,515	4,894
Employee benefits	66	1,414	1,480
Personal services	160	1,425	1,585
Goods and services	2,526	2,344	4,870
Travel	4	26	30
Depreciation and amortization	16,200	124	16,324
Miscellaneous expenses	-	210	210
<b>Total Operating Expenses</b>	<b>19,335</b>	<b>10,058</b>	<b>29,393</b>
<b>Operating Income (Loss)</b>	<b>(18,383)</b>	<b>5,045</b>	<b>(13,338)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Earnings (loss) on investments	3,404	3,115	6,519
Operating grants and contributions	-	240	240
Distributions of operating grants	-	(240)	(240)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,404</b>	<b>3,115</b>	<b>6,519</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(14,979)</b>	<b>8,160</b>	<b>(6,819)</b>
Capital grants and contributions	829	-	829
<b>Total Contributions and Transfers</b>	<b>829</b>	<b>-</b>	<b>829</b>
<b>Change in Net Assets</b>	<b>(14,150)</b>	<b>8,160</b>	<b>(5,990)</b>
<b>Net Assets - Beginning, as restated</b>	<b>408,441</b>	<b>68,630</b>	<b>477,071</b>
<b>Net Assets - Ending</b>	<b>\$ 394,291</b>	<b>\$ 76,790</b>	<b>\$ 471,081</b>

The notes to the financial statements are an integral part of this statement.

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